

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re	:	Chapter 11 Case No.
	:	
LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i> ,	:	08-13555 (JMP)
	:	
Debtors.	:	(Jointly Administered)
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**FEE COMMITTEE REPORT PERTAINING TO THE THIRD INTERIM FEE  
APPLICATIONS OF ALL RETAINED PROFESSIONALS  
(June 1, 2009 through September 30, 2009)**

In accordance with the Fee Protocol approved by order of this Court on May 26, 2009, the Fee Committee hereby submits the Fee Committee Report Pertaining to the Third Interim Fee Applications of All Retained Professionals ("Third Interim Fee Report"). The Third Interim Fee Applications relate to the compensation and reimbursement of expenses requested for the period June 1, 2009 through September 30, 2009. This Third Interim Fee Report has been unanimously approved by the Fee Committee members.

**I. The Fee Committee's Review Process**

To accomplish a review of the Third Interim Fee Applications submitted by the Retained Professionals, the Fee Committee undertook and completed the following tasks:

- a. Determined the adequacy of the submissions and recommended, if necessary, areas of improvement;
- b. Reviewed reasonableness of time entries within the context of the case;
- c. Reviewed all expenses for appropriateness and reasonableness.

**A. Review of Fees**

All time records were reviewed by Feinberg Rozen, LLP and BrownGreer for compliance with applicable guidelines and with the additional guidance provided by the Fee Committee. The Fee Committee notes that many of the Retained Professionals continue to submit fee applications month after month that fail to conform to the applicable guidelines. These failures to comply with the guidelines

continue despite the Fee Committee's repeated admonitions regarding specific deficient time and fee entries of particular Retained Professionals.

The following continuing violations of the applicable guidelines applied to many of the Retained Professionals' applications.

- Fees must not be overhead or administrative.
- Fees must be billed in tenths of an hour.
- Billing rate variations must be explained.
- Duplicate time entries will be deducted.
- Excessive hours per day (>18/day) must be explained.
- Sufficient detail of services must be provided.
- Mathematical computation errors will be deducted.
- Sufficient explanation must be provided for multiple timekeepers attending a hearing/conference/meeting.
- Fees for reviewing/editing time entries, monthly invoices and fee applications not to exceed 1% of total fees billed.
- Services must not be combined or "lumped" together.
- Total hours in description must equal hours billed.
- Summer Associate charges will be deducted.
- Document production/review must be identified by case/matter.

#### **B. Review of Expenses**

All expenses for the Retained Professionals were reviewed. The following continuing violations of the applicable guidelines applied to many of the Retained Professionals' applications.

- Airfare – fare must be specified as coach – no first class/business class fares will be allowed.
- Cellular or other unexplained wireless charges must be explained.
- Ground Transportation - car service limited to \$100 for overtime travel home - beginning 8:00 pm; Ground Transportation – car services to and from airport should be reasonable and will be separately reviewed.
- Hotel/Lodging limited to \$500/night.
- Expense charges with insufficient or no explanation disallowed.
- Consultants – Use of outside professionals/consultants -- must provide invoices and detail setting forth the services of the professionals/consultants and the need for such services.

- Travel/conference/meeting meals limited to \$40/person.
- Overtime meals limited to \$20/person.
- Expenses with no description disallowed.
- Photocopies – allowed cost of \$.10/pg --must provide number of pages.
- On-line research greater than \$1,000 per session - must have sufficient description.
- Staff overtime charges disallowed.
- Word Processing charges disallowed.
- Proofreading charges disallowed.

## **II. Recommended Deductions from the Third Interim Fee Applications**

The Fee Committee sent Initial Recommended Deductions to each Retained Professional. The Retained Professionals responded to the Initial Recommended Deductions with additional information and or objections. Set forth below are the Fee Committee's unanimous Final Recommended Deductions reached after a thorough review of the responses and or objections received from the Retained Professionals. For those Retained Professionals who did not respond to the Fee Committee's Initial Recommended Deductions, the Fee Committee retained its Initial Recommended Deduction. The Fee Committee recommends that these Final Recommended Deductions be applied to the outstanding 20% holdback from the Third Interim Fee Applications.

### **1. Bingham McCutchen LLP**

Fees:

- |   |             |
|---|-------------|
| a. Reviewing and Editing Time Entries and Fee Applications: | \$80,069.49 |
|---|-------------|

Expenses:

- |   |            |
|---|------------|
| a. Ground Transportation Greater than \$100.00:       | \$1,010.89 |
| b. Hotel/Lodging Exceeds Maximum Amount:              | \$252.27   |
| c. Overtime Work Meals Exceed Maximum of \$20/person: | \$160.15   |

<b>Initial Recommended Deduction:</b>	<b>\$263,373.18</b>
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<b>Final Recommended Deduction:</b>	<b>\$81,492.80</b>
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2. **Bortstein Legal, LLC**

Fees:

a. Duplicate Time Entry:	\$795.00
<b>Initial Recommended Deduction:</b>	<b>\$795.00</b>
<b>No response to Initial Recommended Deduction</b>	
<b>Final Recommended Deduction:</b>	<b>\$795.00</b>

3. **Curtis, Mallet-Prevost, Colt & Mosle LLP**

Fees:

a. Administrative:	\$17,479.00
b. Multiple Identical Entries:	\$4,550.00
c. Reviewing and Editing Time Entries and Fee Applications:	\$90,747.52

Expenses:

a. Duplicate Expense Entry:	\$1,978.75
b. Other Expense – Proofreaders:	\$2,415.00
c. Other Expense – Word Processing:	\$31,056.91
d. Overtime Work Meals Exceed Maximum of \$20/person:	\$778.47

**Initial Recommended Deduction: \$177,878.56**

**Final Recommended Deduction: \$149,005.65**

4. **Duff & Phelps**

Fees:

a. Administrative:	\$2,952.90
b. Duplicate Time Entry:	\$931.50
c. Insufficient Detail of Services Provided:	\$952.65
d. Non-Reimbursable Overhead:	\$7,252.20
e. Reviewing and Editing Time Entries and Fee Applications:	\$440,706.97

Expenses:

a. Ground Transportation Greater than \$100.00:	\$293.87
b. Overtime Work Meals Exceed Maximum of \$20/person:	\$59.14
c. Parking – No Detail of Trip Provided:	\$810.00

**Initial Recommended Deduction:** \$521,301.33  
**Final Recommended Reduction:** \$453,959.23

**5. Ernst & Young LLP**

Fees:

a. Reviewing and Entering Time Entries and Fee Applications: \$8,704.57  
**Initial Recommended Deduction:** \$8,704.57  
**No response to Initial Recommended Deduction:**  
**Final Recommended Deduction** \$8,704.57

**6. FTI Consulting, Inc.**

Fees:

a. Insufficient Detail of Services Provided: \$714.00  
b. Reviewing and Editing Time Entries and Fee Applications: \$9,865.81  
Expenses:  
a. Ground Transportation Greater than \$100.00: \$169.75  
b. Overtime Work Meals Exceed Maximum of \$20/ person: \$274.58  
**Initial Recommended Deduction:** \$20,084.67  
**Final Recommended Deduction:** \$11,024.14

**7. Houlihan Lokey Howard & Zurkin Capital Inc.**

Expenses:

a. Airfare Charges: \$1,244.20  
b. Cellular or Other Unexplained Wireless Charges: \$2,280.37  
c. Hotel/Lodging Exceeds Maximum Amount: \$248.02  
d. Outside Legal Services: \$18,059.01  
Services of outside legal counsel to assist Houlihan regarding retention issues are overhead and are not a benefit to the estate.  
e. Overtime Work Meals Exceed Maximum of \$20/ person: \$30.05  
**Initial Recommended Deduction:** \$22,945.35  
**Final Recommended Deduction:** \$21,861.25

8. **Huron Consulting Group, Inc.**

Fees:

a. Administrative:	\$10,512.75
b. Duplicate Time Entry:	\$1,069.75
c. Excessive Hours by Day:	\$1,209.50
d. Insufficient Detail of Services Provided:	\$4,516.00
e. Non-Reimbursable Overhead:	\$5,488.00
f. Reviewing and Editing Time Entries and Fee Applications:	\$19,941.39

Expenses

a. Airfare Charges:	\$8,988.01
b. Ground Transportation Greater than \$100.00:	\$9,949.15
c. Hotel/Lodging Exceeds Maximum Amount:	\$52,642.23
d. No Description of Expense Provided:	\$2,135.09
e. Overtime Work Meals Exceed Maximum of \$20/person:	\$9,868.14

**Initial Recommended Deduction: \$126,320.01**

**No response to Initial Recommended Deduction**

**Final Recommended Deduction: \$126,320.01**

9. **Jenner & Block LLP**

Fees:

a. Administrative:	\$40,202.10
b. Insufficient Detail of Services Provided:	\$5,272.65
c. Multiple Identical Entries:	\$32,152.50
d. Reviewing and Editing Time Entries and Fee Applications:	\$82,890.20
e. Services Combined or "Lumped Together":	\$1,846.80

Expenses:

a. Insufficient Breakdown of Expense Detail:	\$166.28
b. Insufficient Explanation of Document Preparation:	\$62,961.38
c. Other Expense – UPS/FEDEX with no detail:	\$409.07
d. Overtime Work Meals Exceed Maximum of \$20/person:	\$566.87

**Third Interim Report Recommended Deduction: \$295,789.14**

**Final Recommended Deduction: \$226,467.85**

**10. Jones Day LLP**

Fees:

a. Administrative:	\$51,122.00
b. Duplicate Time Entry:	\$830.00
c. Reviewing and Editing Time Entries and Fee Applications:	\$121,828.32

Expenses:

a. Airfare Charges:	\$7,867.80
b. Cellular or Other Unexplained Wireless Charges:	\$51.06
c. Ground Transportation Greater than \$100.00:	\$2,856.88
d. Hotel/Lodging Exceeds Maximum Amount:	\$87.11
e. Insufficient Breakdown of Expense Detail:	\$5,446.35
f. Insufficient Explanation of Document Preparation:	\$18,187.56
g. Non-Reimbursable Supplies/Equipment:	\$943.42
h. Other Expense – Binding:	\$858.00
i. Overtime Work Meals Exceed Maximum of \$20/person:	\$2,495.68
j. Parking – No detail of Trip Provided:	\$109.00
k. Photocopies – Greater than \$.10 per page:	\$70,800.10
l. Unexplained Computerized Research Greater than \$1,000.00 per session:	\$133.21
m. Staff Overtime Charges:	\$9,427.03
n. Travel Meals Exceed Maximum of \$40/ person:	\$84.45

**Initial Recommended Deduction: \$412,568.86**

**Final Recommended Deduction: \$293,127.97**

**11. Lazard & Frères**

Expenses:

a. Other Expense – Consulting/Professional Services:	\$235.00
Insufficient description, no invoices submitted as required.	
b. Overtime Work Meals Exceed Maximum of \$20/person:	\$116.82
c. Photocopies: Greater than \$.10 per page:	\$79.00

**Third Interim Report Recommended Deduction: \$538.26**

**Final Recommended Deduction: \$430.82**

**12. McKenna Long & Aldridge LLP**

Fees:

- |   |             |
|---|-------------|
| a. Administrative:  | \$63.00     |
| b. Reviewing and Editing Time Entries and Fee Applications: | \$50,840.27 |

Expenses:	\$0.00
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<b>Initial Recommended Deduction:</b>	<b>\$145,451.76</b>
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<b>Final Recommended Deduction:</b>	<b>\$50,903.27</b>
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**13. Milbank Tweed Hadley & McCloy LLP**

Fees:

- |   |              |
|---|--------------|
| a. Administrative:  | \$35,152.00  |
| b. Duplicate Time Entry:                                    | \$605.50     |
| c. Insufficient Detail of Services Provided:                | \$8,302.50   |
| d. Reviewing and Editing Time Entries and Fee Applications: | \$148,426.60 |

Expenses:

- |   |             |
|---|-------------|
| a. Insufficient Breakdown of Expense Detail:          | \$45,230.13 |
| b. Insufficient Explanation of Document Preparation:  | \$4,405.35  |
| c. Other Expense – Word Processing:                   | \$5,386.50  |
| d. Overtime Work Meals Exceed Maximum of \$20/person: | \$1,379.00  |
| e. Photocopies – No Cost Per Page Provided:           | \$40,970.32 |
| f. Staff Overtime Charges:                            | \$2,697.50  |

<b>Initial Recommended Deduction:</b>	<b>\$447,114.82</b>
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<b>Final Recommended Deduction:</b>	<b>\$292,555.40</b>
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**14. Pachulski Stang Ziehl & Jones LLP**

Fees:

- |   |            |
|---|------------|
| a. Administrative:  | \$1,570.58 |
| b. Reviewing and Editing Time Entries and Fee Applications: | \$1,093.37 |

Expenses:

- |  |          |
|--|----------|
| a. Insufficient Breakdown of Expense Detail: | \$120.00 |
| b. Other Expense – Custom Project Print:     | \$97.34  |



c. Staff Overtime Charges:	\$434.82
<b>Initial Recommended Deduction:</b>	<b>\$7,434.95</b>
<b>Final Recommended Deduction:</b>	<b>\$3,316.11</b>

**15. Quinn Emanuel Urquhart Oliver & Hedges LLP**

Fees:

a. Administrative:	\$15,518.00
b. Reviewing and Editing Time Entries and Fee Applications:	\$38,377.97

Expenses:

a. Airfare Charges:	\$9,022.60
b. Insufficient Explanation of Document Preparation:	\$3,829.62
c. Other Expense – Consulting/Professional Services: Insufficient detail.	\$2,410.94
d. Photocopies –Greater than \$.10 Per Page:	\$7,664.99
e. Travel Meals Exceed Maximum of \$40/person:	\$50.95

<b>Initial Recommended Deduction:</b>	<b>\$108,667.34</b>
<b>Final Recommended Deduction:</b>	<b>\$76,875.07</b>

**16. Reilly Pozner LLP**

Fees:

a. Administrative:	\$7,255.00
b. Duplicate Time Entry:	\$225.00
c. Reviewing and Editing Time Entries and Fee Applications:	\$1,141.64
d. Services Combined or “Lumped” Together:	\$14,549.00

Expenses:

a. Duplicate Expense Entry:	\$4,548.38
b. Insufficient Breakdown of Expense Detail:	\$26,890.87
c. Insufficient Explanation of Document Preparation:	\$9,480.62
d. Other Expense – Consulting/Professional Services: Insufficient information, no invoices submitted as required.	\$12,089.25
e. Overtime Work Meals Exceed Maximum of \$20/person:	\$195.68
f. Unexplained Computerized Research Greater than \$1,000.00 per session:	\$877.46

**Third Interim Report Recommended Deduction: \$77,252.90**

**No response to Recommended Deduction**

**Final Recommended Deduction: \$77,252.90**

**17. Simpson Thacher & Bartlett LLP**

Fees:

- a. Administrative: \$4,514.40
- b. Billing Not in Tenths of an Hour: \$245.00
- c. Insufficient Detail of Services Provided: \$1,067.50
- d. Reviewing and Editing Time Entries and Fee Applications: \$5,023.13
- e. Services Combined or "Lumped" Together: \$5,741.00

Expenses: \$0.00

**Third Interim Report Recommended Deduction: \$61,086.11**

**Final Recommended Deduction: \$16,591.03**

**18. Weil, Gotshal, & Manges LLP**

Fees:

- a. Administrative: \$201,296.50
- b. Duplicate Time Entry: \$222.00
- c. Insufficient Detail of Services Provided: \$1,695.50
- d. Reviewing and Editing Time Entries and Fee Applications: \$118,053.52
- e. Services Combined or "Lumped" Together: \$4,605.50

Expenses:

- a. Airfare Charges: \$22,471.04
- b. Ground Transportation Exceeds Maximum Amount: \$1,446.92
- c. Insufficient Breakdown of Expense Detail: \$3,724.86
- d. Overtime work meals exceed maximum of \$20/person: \$3,555.23
- e. Photocopies – More than \$.10 per page \$13,118.82
- f. Unexplained Computerized Research Greater than \$1,000.00 per session. \$84,653.58
- g. Travel Meals Exceed Maximum of \$40/person: \$1,048.80

**Initial Recommended Deduction: \$979,375.17**

**Final Recommended Deduction: \$455,892.27**

**19. Windels Marx Lane & Mittendorf LLP**

Fees:

a. Administrative:	\$8,444.00
b. Duplicate Time Entry:	\$49.50
Expenses:	
a. Cellular or Other Unexplained Wireless Charges:	\$104.49
b. Insufficient Breakdown of Expense Detail:	\$2,311.97
c. Photocopies – Greater than \$.10 per page:	\$7,119.90
d. Staff Overtime Charges:	\$533.50
<b>Initial Recommended Deduction:</b>	<b>\$59,849.26</b>
<b>Final Recommended Deduction:</b>	<b>\$18,563.36</b>

**GRAND TOTALS FOR ALL RECOMMENDED DEDUCTIONS:** **\$2,365,139.10**

Dated: March 10, 2010

Respectfully Submitted,

/s/ Kenneth R. Feinberg  
Kenneth R. Feinberg  
Chairman, Fee Committee

/s/ John K. Suckow  
John K. Suckow  
President, Lehman Brothers Holdings, Inc.

/s/ Noel P. Purcell  
Noel P. Purcell  
Representative, Official Committee of the  
Unsecured Creditors

/s/ Andrew D. Velez-Rivera  
Andrew D. Velez-Rivera  
The Office of the  
United States Trustee